

## **FISCAL NOTE**

### **SB 3820 – HB 3493**

February 4, 2008

**SUMMARY OF BILL:** Repeals the state's inheritance tax beginning in tax year 2009.

#### **ESTIMATED FISCAL IMPACT:**

##### **Decrease State Revenue –**

**\$75,200,000 / FY09-10**

**Exceeds \$76,600,000 / FY10-11 and thereafter**

##### Assumptions:

- The current single maximum exemption level for state inheritance tax for tax year 2009 is \$1,000,000.
- Under this bill, the state would repeal the inheritance tax beginning in tax year 2009.
- Under the Economic Growth and Tax Relief Reconciliation Act of 2001 (EGTRRA), the federal maximum exemption level for 2009 is \$3,500,000.
- EGTRRA repeals the federal estate tax for calendar year 2010 and then reinstates the tax beginning with tax year 2011 at the 2001 level.
- Current state law allows filing extensions up to nine (9) months from decedent's death.
- Inheritance tax revenue is often collected in the fiscal year subsequent to the decedent's death due to the filing extension period.
- Inheritance tax is permanently repealed beginning with tax year 2009.
- The decreases of state revenue are estimated to be \$75,200,000 for FY09-10 and by amounts exceeding \$76,600,000 for FY10-11 and each fiscal year thereafter. Such estimates have been based on Monte Carlo simulations conducted by the Department of Revenue.
- This proposed legislation does not apply to generation-skipping transfers after December 31, 2009 or to the estates of decedents dying after December 31, 2009.

**CERTIFICATION:**

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, reading "James W. White". The signature is fluid and cursive, with the first name "James" and last name "White" clearly legible, and "W." in the middle.

James W. White, Executive Director

/rnc